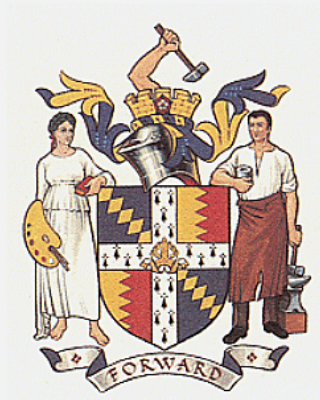




COUNCILLORS' ALLOWANCES

Annual Report of the Birmingham Independent Remuneration Panel 2008-2009

April 2009

ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL

2008-09

BIRMINGHAM CITY COUNCIL

Page No.

Foreword 2

Recommendations 3

Allowances

- Introduction 4
- Indices 4
- Basic Allowance 5
- Special Responsibility Allowances (SRAs) 6-8
- Other Allowances 9

Next Year's Programme of Work (2009-10) 10

Appendices

1. 2008-09 Proposed schedule of Councillors' allowances and expenses
2. Principles of the Allowances Scheme
3. Comparative Authorities
4. Membership of the Independent Remuneration Panel

FOREWARD

The Independent Remuneration Panel met 7 times from the beginning of September 2008 until the conclusion of its review of Councillors' allowances in March 2009.

The Panel received written and oral representations from 37 Councillors and a number of senior officers. These valuable contributions provide the Panel with added information and insight into the roles and responsibilities undertaken by today's elected representatives. The Panel welcomes Councillors to share their views, which, in turn, facilitates and improves the quality of debate and ultimate decision-making.

This year's review has been carried out against a backdrop of the serious national and international economic downturn. Consequently, the Panel has been extremely mindful of the local economy and the continuing pressures on the public purse when drawing up its recommendations regarding the levels of remuneration for Birmingham City Councillors.

Recognising this is a very difficult period for the local tax payer and following careful consideration of all representations made by Councillors, the Panel are recommending that all allowances in 2009-10 – Basic and Special Responsibility – are increased by one flat rate of 2%, rather than continue with the Consumer Price Index (CPI) of 3.1% as at December 2008, as recommended by the Panel last year.

As an independent Panel comprising four Citizens' representatives and two Council appointees, the interests of the local tax payer and the value for money support service they receive from their elected representatives is a vital consideration when reviewing Councillors' allowances.

Graham Macro
Chairman
Independent Remuneration Panel

RECOMMENDATIONS

1. The Consumer Price Index (CPI) is not applied to the 2009-10 City Councillors' allowances.
2. The Basic Allowance (BA) is increased to £16,267 in line with a maximum recommended rise of 2% for all Councillors' allowances across the board for the forthcoming year – 2009-10.
3. The Special Responsibility Allowances (SRA) are increased in line with a maximum recommended rise of 2% for all Councillors' allowances across the board for the forthcoming year – 2009-10.
4. The SRA for the role of the Political Group Secretary is increased by 2% in 2009-10 in line with all other allowances.
5. The SRA for the role of the Constituency Chairmen should be increased by 2% in 2009-10 in line with all other allowances.
6. Developments in the role and responsibilities of the Standards Committee and its Chairmen should continue to be monitored and reviewed as part of next year's work programme. Therefore the current allowance should be increased by 2% in 2009-10 in line with all other allowances.
7. The SRA for the Chairman of the Public Protection Committee should be:
 - a. increased to the same level as that awarded to the Chairman of the Licensing Committee; and
 - b. increased by 2% in 2009-10 in line with all other allowances.
8. The role and responsibilities of the Members of the Fostering and Adoption Panels should be monitored and reviewed in detail, as part of next year's work programme.
9. The range of Childcare and Dependent Carers' allowances should be widened as follows:
 - a. The current allowance, set at the appropriate minimum wage rate, should continue to be available. In addition,
 - b. A new allowance should be introduced set at the current rate for a professionally qualified carer. Members, who claim this allowance, would need to produce an official receipt of services received.
10. The Council endorses the Panel's proposed work programme for next year.

ALLOWANCES

INTRODUCTION

In determining its recommendations the Panel has consistently worked within the requirements of the Local Government Act 2000 and the accompanying guidance and Regulations on members' allowances. The principles of the Birmingham Councillors' Allowances Scheme are set out in Appendix 2 to the report. The key factors which the Panel take into account are:-

1. The promotion of a healthy democracy by the removal of financial disadvantage as a barrier to people from a wide range of backgrounds and a wide range of skills standing for election or serving as Councillors.
2. The maintenance of an ethic of voluntary public service and the need to reflect this within the basic allowance paid to all Councillors and the Co-optee allowance paid to non-elected members.
3. Councillors generally should not expect nor receive a full time salary.
4. The reality that some Councillors will be expected to take on significant additional responsibilities that will require a near full time commitment to the detriment or limitation of other career activities. Special responsibility allowances may therefore be paid to those members of the Council who have significant additional responsibilities over and above generally accepted duties of a councillor.

INDICES

As part of last year's review, the Panel recommended a change to the index applied to the City Councillors' allowances to the Consumer Price Index (CPI), which was more closely in line with current public sector pay increases.

The Panel was minded to remain with this index for a further year. However, given the very difficult economic climate, the Panel had to consider the appropriateness of recommending a CPI rate of 3.1% (as at December 2008), or whether to recommend an increase which reflected more closely current levels of wage settlements.

The current economic climate, coupled with local government budget pressures, led the Panel to conclude that it could only **recommend** a maximum rise of 2% for all Councillors' allowances across the board for the forthcoming year – 2009-10.

BASIC ALLOWANCE (BA)

This year's survey of Councillors produced 29 responses with the majority indicating that the current level of the BA was insufficient. In addition, 8 Councillors attended Panel meetings to discuss their roles and responsibilities and the reasons for the request to increase the amount of Basic Allowance.

The 'additional expenses element' designed to meet the cost of support consumables was discussed to see whether an adjustment upwards should be recommended to the Council.

The Council offers a wide range of additional support services, which includes secretarial, postage, printing, and office accommodation including telephones, at no additional cost to the Members. Many Members avail themselves of these services and therefore, the 'additional expenses element' is less relevant as Members are not required to 'set it aside' in order to meet the cost of support consumables. Therefore, it could be argued that the Members' support services budget needs to be uplifted rather than the Basic Allowance.

The Panel looked into whether an element of the Basic Allowance could be exempt from income tax, and research is ongoing to find out whether other Local Authorities have achieved such an arrangement. Currently, Members are not required to produce receipts, etc. for purchases from this 'element' of the Basic Allowance, and therefore the sum received is taxed on an 'income' only basis. For example, in order for Members to claim travel expenses, a receipt must be produced/claim form completed and signed. Travel allowances paid are, therefore, tax free because of the 'proof' of expenditure. Any changes may, therefore, impact consequentially on the administration of the service.

In addition, the Panel gave consideration to the framework criteria set out in the Allowances Scheme that the role of a Councillor can be undertaken over 26 hours per week and whether the public service discount should remain at 25%. The Panel considered the impact of new legislation on the increasing role of the backbench Councillor in their Wards, which included working in new partnerships.

Recommendation the Basic Allowance should be increased in 2009-10 by 2%.

SPECIAL RESPONSIBILITY ALLOWANCES (SRAS)

The Panel considered a number of roles undertaken by Councillors to determine whether they justified a recommendation for a Special Responsibility Allowance, or some adjustment to current levels. The particular posts together with the outcome of the Panel's deliberations are set out below:

- **Political Group Secretaries**

At the request of the Council, the Panel agreed to reconsider their previous recommendations not to award the role of the Political Group Secretary an SRA, although the Council took the decision in June 2007 to recognise this position in its Scheme of Councillors' Allowances.

Therefore, the Political Group Secretaries of the three main Parties on the City Council submitted their submissions in support of their role and responsibilities. The Group Secretaries also met the Panel to make their case as to why their post warranted a Special Responsibility Allowance. The Panel understood that the role of the Group Secretary had increased and was much more demanding. The role involved working across Party Groups to ensure the smooth management of the Council's business, e.g. at full Council meetings. The role varied within each Political Group. The time commitment to undertake their extra duties and responsibilities varied from week to week through out the year. At the beginning of the Municipal Year it was almost equivalent to a full-time job. Their wider role involved Councillors' training and development and the corporate transformation programme 'Customer First' including an improved system for logging and progressing Councillors' enquiries.

In conclusion, the Panel endorses the Council's decision that an SRA is warranted for the role of the Political Group Secretary and **recommends** that it be increased in 2009-10 in line with all other allowances by 2%.

- **Constituency Committee Chairman**

The Panel received an update report on the devolution/localisation of services. Following four good years of delivery, the direction of travel had been refreshed to reenergise community engagement across the whole City. The Council was now focussed on delivering 'excellence in local communities' and indeed, the Council's policies converged with the key outcomes of the Government's 2008 White Paper 'Communities in Control'. The Panel noted the consequential impact of new legislation on the role of the backbench Councillor, which included working in new partnerships.

Previously, the Panel had been informed of the 28 recommendations for improvement arising from the Overview and Scrutiny review of Devolution/Localisation. 80% had now been actioned. Birmingham's performance against the national indicator 'Ability to influence decision making' showed a steady rise making Birmingham the best performing upper tier local authority in this area.

The important influencing role and responsibilities of the Constituency Chairmen would continue in the planning of Constituency-wide services,

although central control would be retained. However, the Panel concluded that overall there had been no significant change since last year in their roles and responsibilities, and therefore is **recommending** that it be increased in 2009-10 in line with all other allowances by 2%.

- **Standards Committee**

The Chairman of the Standards Committee met the Panel and explained his role and responsibilities, especially since the Government changes to the role of Local Authorities came into effect in May 2008. The main change has been for all complaints to be heard and determined locally in the first instant, as opposed to being submitted directly to the Standards Board for England for initial determination. The Standards Board continued to monitor all UK Standards Committees to ensure compliance with Government Codes of Practice. The Standards Committee only dealt with matters relating to Councillors.

In accordance with the new local procedures. Stage 1 required any complaint to be considered/determined by the Initial Assessment Sub Committee. If, however, the initial determination did not reach an agreed satisfactory conclusion, the matter would be passed on to the Review Sub Committee. This Sub Committee would be chaired by a different independent Chairman and would review all paperwork considered by the Initial Assessment Sub Committee and the decision.

There were currently two independent Chairmen. In total, there were four independent Members of the Committee who had been selected following a public advertisement and interview process.

The membership of the main Standards Committee covered the work of the two Sub Committees on a rotational basis. In the event of no satisfactory agreement being reached, a matter could be referred to a full Committee hearing. There was a pre-set programme of meetings in place for the ensuing year, to ensure cases were dealt with in accordance with prescribed timescales. The number of meetings of the Sub Committees was determined by the number of complaints to be heard. The Committee's workloads could increase as the new regime bedded in.

The Panel noted the number of meetings held so far since the new regime came into effect. The Chairman of the Standards Committee was required to report annually to the full City Council.

In conclusion, the Panel is **recommending** that developments in this area of work should continue to be monitored and reviewed as part of next year's work programme. Therefore the current allowance should be increased in 2009-10 in line with all other allowances by 2%.

- **Chairman of the Public Protection Committee**

The current Chairman, Councillor Neil Eustace, made representations to the Panel seeking consideration of a realignment of the SRA granted to this role with the level of SRA paid to the Chairman of the Licensing Committee.

Since the Panel's earlier review of this role in 2006-07 and consequential increase in the level of SRA then awarded, three new significant areas of service had become the responsibility of the Public Protection Committee:

- Stray dog service
- Pest control
- Coroner's office.

The environmental warden service is also part of the Public Protection portfolio.

The Public Protection portfolio is delivered in accordance with some 160 Acts of Parliament.

The role of the Chairman involves close working with Government and Government Departments sharing Birmingham's practices on a national basis, as well as playing an important role in influencing future legislation.

The Panel was made aware of the hugely expanding area of work and increasing public interface involved with the delivery and quality of the services within the Public Protection Committee's remit and the role of its Chairman. The Chairman's role and responsibilities has consequentially increased significantly over past two years or so.

In conclusion, the Panel is **recommending** that the current Special Responsibility allowance for the Chairman of the Public Protection Committee be:

- increased to the same level as that granted to the Chairman of the Licensing Committee; and
- increased in 2009-10 in line with all other allowances by 2%.

- **Fostering and Adoption Panel Members**

The Cabinet Member for Children, Young People and Families had written to the Panel seeking a review of the role and responsibilities and commitment of Councillors who are members of the Fostering and Adoption Panels. He outlined the volume of work required and the consequential time commitment to prepare to determine a large number of cases. He also emphasised the very challenging content of this workload.

The Panel concluded that this area of work should be monitored and reviewed in detail, as part of next year's work programme.

OTHER ALLOWANCES

Childcare and Dependent Carers' Allowances

The Panel recommended last year that all care allowances should continue to be set in accordance with the annual national minimum wage rate relevant to the age of the carer. However, they did agree to review these allowances as part of this year's work programme.

Panel members felt that the minimum wage rate neither encouraged Members to take up this financial support, nor did it reflect the costs incurred especially of professionally registered childminders and nurseries. The Panel recognised that although some Members perhaps only required ad hoc, more casual care arrangements, others needed a regular, full-time service.

Therefore, in order to meet these varying levels of care support and their respective costs, the Panel is **recommending** that the range of allowance available in the Scheme to Members be widened as follows:

- The current allowance, set at the appropriate minimum wage rate, should continue to be available.

In addition,

- A new allowance should be introduced set at the current rate for a professionally qualified carer. Members, who claim this allowance, would need to produce an official receipt of services received.

NEXT YEAR'S PROGRAMME OF WORK

Notwithstanding any additional requests from the Council during the coming year, the Panel proposes to review:

- The additional expenses element of the Basic Allowance.
- The role and responsibilities of Members on Fostering and Adoption Panels.
- The impact of new legislation on the role of the Members of the Standards Committee and in particular the Chairman.

The Panel will continue to monitor:

- The index applied to Councillors' allowances.
- The role of the Members of the Standards Committee and in particular the Chairman.
- The role and responsibilities of the Constituency Committee Chairmen.
- Support, including training and development for City Councillors.
- Measures to increase Councillors' transparency and accountability to the local electorate.

APPENDIX 1

PROPOSED MEMBERS ALLOWANCE RATES [from 1 April 2009]

<u>BASIC ALLOWANCE</u> [per annum unless otherwise stated]	£
Baseline per Day Rate	132.93
Basic Allowance	16,267
Time Element	15,552
Additional Expenses Element	715
<u>SPECIAL RESPONSIBILITY ALLOWANCES</u> [per annum unless otherwise stated]	£
Baseline per Week Rate	1,075.91
The Executive [Leader and Cabinet]	
Leader of the Council	55,947
Deputy Leader of the Council	41,960
Cabinet Member	31,330
Local Executive	
Chair of a Constituency Committee	4,196
Overview and Scrutiny Committees	
Chairman of Co-ordinating Overview & Scrutiny Committee	21,931
Chairman of an Overview & Scrutiny Committee	14,099
Chairman of an Overview & Scrutiny Sub Committee	6,288
Regulatory Committees	
Chairman of the Planning Committee	16,448
Chairman of the Licensing Committee	14,099
Chairman of the Personnel Appeals Committee	11,749
Chairman of the Public Protection Committee	14,099
Chairman of the Audit Committee	6,288
Opposition Groups	
Leader of the Largest Qualifying Opposition Group *	14,099
Deputy Leader of the Largest Qualifying Opposition Group *	7,273
Lead Opposition Spokesperson ('Shadow' Cabinet Member)	2,909
Leader of Other Qualifying Opposition Group *	5,874
Deputy Leader of Other Qualifying Opposition Group *	2,350
(* A Qualifying Opposition Group is one with a minimum of 6 Councillors)	
Coalition Arrangements	
Deputy Leader of the minority Group in a coalition administration	3,632
Group Secretaries	
Political Group Secretaries	2,421

<u>CO-OPTEE ALLOWANCES [per annum]</u>	£
Chairman of the Standards Committee	557
Member of an Overview & Scrutiny Committee	831
Member of the Standards Committee	332

CHILDCARE AND DEPENDANT CARERS`ALLOWANCE

	£
Independent care of a child (under the age of 14) - maximum hourly rate of	5.73
Professional care of a dependent relative - maximum hourly rate of	7.51

TRAVEL ALLOWANCES AND SUBSISTENCE EXPENSES

Car, Motorcycle and Bicycle Allowance Rates are in line with those paid to officers of the authority. The benchmark rates for Day and Overnight Subsistence Allowances are in line with those paid to officers of the authority or the inflation factor in the council's budget.

TRAVEL ALLOWANCES AND EXPENSES

Car Mileage Rates

Car up to 999cc	- first 8,500 miles	42.90p per mile
	- after 8,500 miles	11.70p per mile
Car 1000cc and above	- first 8,500 miles	47.70p per mile

Supplement for Official Passenger 0.30p per mile

If car mileage is claimed for travel outside the West Midlands, the payment will be the lesser of the value of the actual mileage claimed or the peak time standard rail fare.

Motorcycle Mileage Rates

Motorcycle up to 150cc	21.45p per mile
Motorcycle 151cc and above	25.74p per mile

Bicycle Mileage Rates

First 400 miles per annum	20.00p per mile
All subsequent miles	8.00p per mile

Other Travel Expenses

Rail Travel [supporting receipt required]	Standard Class Fare
Taxi, Tube and Bus Fares, Car Parking, Toll Charges [supporting receipts if possible]	Actual Cost

If a travel pass is provided by the Council the recipient must make a contribution of 40% towards the total cost met by the Council. The recipient also forgoes the right to claim for travel allowances or expenses for duties undertaken in the area covered by the pass or to make use of transport services provided direct by the Council [other than the standard Chauffeur Service] unless the relevant travel service is not available.

Subsistence Allowances and Expenses

Benchmark Day Subsistence [excluding VAT]

	£
Breakfast	4.48
Lunch	6.17
Tea	2.43
Evening Meal	7.64

Benchmark Overnight Subsistence [excluding VAT]

In London	97.09
Other than in London	85.13

The reasonable cost of meals taken, overnight accommodation and minor associated out-of-pocket expenses will be reimbursed, **subject to the provision of supporting receipts**. The validity of claims made will be judged against where the meal was taken or where the stay occurred, the total time spent on the duty and the relevant benchmark subsistence value.

Principles for the Councillors' Allowances Scheme

Background

The Panel felt that there should be a set of principles that can be used as a logical, transparent and robust framework for the City Council's Members Allowances Scheme.

The Panel agreed that the following set of principles should continue to underpin any Scheme adopted by the Council.

Scheme Objectives

- Promote a healthy democracy by removal of financial disadvantage as a barrier to people from a wide range of backgrounds and with a wide range of skills standing for election or serving as Councillors.
- Reflect and support the operation of the new political arrangements introduced by Councils under the Local Government Act 2000 whilst excluding any payment for solely party political activity.
- Recognise the role that Co-opted Members play in the operation of the Council.

Basis of Scheme

- Maintain the ethic of voluntary public service and reflect this within the Basic Allowance paid to all Councillors and the Co-optee Allowance paid to non-elected members.
- Councillors generally should not expect nor receive a full-time salary.
- Reflect a reality that some Councillors will be expected to take on significant additional responsibilities that will require a near full time commitment to the detriment or limitation of other career activity.
- All Councillors should have the right to opt to join the Local Government Pension Scheme.

Better Performance

- Effective support arrangements should be available to assist Councillors in their roles and to maximise the value of the time that Councillors with work and family commitments have available.
- Adequately resourced training and development opportunities should be available to Councillors that would enable them to acquire the skills and knowledge for both their current and future roles.

- The framework to support better performance should involve the publication of Job Descriptions for all roles for which allowances are paid.
- Transparent and audited performance measures should exist that are open to public scrutiny and demonstrate better performance and value for money.

Methodology

- Recommendations of the Panel should be arrived at following a logical, impartial and transparent process that identifies roles, reasonable expectations on those roles and make use of suitable external indicators or comparators to establish the value of individual allowances.
- Wage rate Indicators or comparators should not be related to local authority pay scales or jobs so as to maintain the distinction between the roles of elected members and officers.
- Job Descriptions that clearly define the roles and responsibilities and key accountabilities for the standard role of a Councillor and for those roles for which a Special Responsibility Allowance is or might be paid should be produced as an essential requirement of any Scheme.

Other than the annual rate review, no changes to the Scheme should be made until Job Descriptions are available.

- Basic Allowance should reflect the core time [less a discount for Voluntary Public Service] needed to undertake a generally accepted range of duties expected of all Councillors. It includes a recognition that all Councillors will from time to time take on additional roles that fall outside the scope of significant additional responsibilities.
- Special Responsibility Allowances recognise the level of responsibility, complexity and extent of commitment of a limited number of Councillors who are expected to undertake roles on behalf of the Council that involve **significant** additional time and responsibilities. These will be identifiable over and above the generally accepted range of duties for a Councillor that is reflected in the Basic Allowance.
- Co-optee Allowances should reflect the core time needed to serve on a Committee. It should also recognise that any additional work will be undertaken within the ethic of voluntary public service.

Expenses

- The Council should meet a standard range of general expenses [such as telephone and home office costs] that Councillors incur directly when undertaking their role. To avoid a proliferation of claim based systems this should be done by the payment of a lump sum on top of the Basic Allowance.

- Councillors and Co-opted Members should be entitled to claim reasonable travel expenses that are necessarily and exclusively incurred in carrying out approved duties.
- Councillors and Co-opted Members should be entitled to claim reasonable subsistence expenses that are necessarily and exclusively incurred in carrying out approved duties outside the Birmingham authority area.
- Councillors should be entitled to claim for reasonable childcare and dependent carer costs that are necessarily and exclusively incurred in carrying out approved duties.
- Claims for expenses should be made on a quarterly basis. Claims outside that time limit should only be paid if there are acceptable and identifiable exceptional circumstances that prevented the claim being submitted.

Administration and Review

- Robust administrative arrangements should minimise the potential for abuse of the system and remove the possibility of a member receiving allowances from more than one authority for the same duty.
- Appropriate allowances should be withheld where a member is suspended or partially suspended from responsibilities or duties in accordance with Part III of the Local Government Act 2000.
- The Independent Remuneration Panel should undertake an annual review of the principles, assumptions and the appropriateness of the indicators used in drawing up the scheme.
- Allowance rates should be automatically updated annually in line with selected wage indicators for Basic [Time Commitment element], Special Responsibility, Co-optee and Childcare and Dependent Carer Allowances. Comparator rates for Mileage and Day Subsistence Allowances or a local authority inflation factor for Basic Allowance [Additional Expenses element] and Overnight Subsistence Allowances will be increased in line with Officer rates.
- Backdating of amendments to a Scheme in the relevant year should only take place if the Independent Remuneration Panel has accepted in its recommendations that the changes had already taken place.
- Allowances Scheme and records of payments should be widely published and generally available to the public.

The panel looked at comparisons with, our near neighbours, the core cities and Kent.

The councils are listed below;

Bradford

Bristol

Coventry

Kent

Kirklees

Leeds

Leicester

Liverpool

Manchester

Newcastle Upon Tyne

Nottingham

Sandwell

Sheffield

Walsall

Wolverhampton

Membership of the Independent Remuneration Panel

An Independent Remuneration Panel for Birmingham was established by the City Council at its meeting on 3 July 2001. The Panel comprises:

- 6 members selected from a public advertisement.
- 1 representative of the Trade Unions.
- Panel Members are appointed for a 3-year term of office.

The Panel is supported by an Independent Advisor.

The current membership is as follows:

Chairman of the Panel

Graham Macro, Citizens' Representative, Sutton Coldfield

Council appointees:

Stephen Shute

Paul Wilson

Citizen Representatives:

Sandra Cooper, Stirchley

Subat Khan, Ward End

Michael Tye, Handsworth.

Roger McKenzie, Trade Unions' Representative.

April 2009